ROBINSON MCFADDEN
ATTORNEYS AND COUNSELORS AT LAW

ROBINSON, MCFADDEN & MOORE, P.C.
COLUMBIA, SOUTH CAROLINA

Frank R. Ellerbe, III
1901 MAIN STREET, SUITE 1200
POST OFFICE BOX 944
COLUMBIA, SOUTH CAROLINA 29202

PH
(803) 779-8900 | (803) 227-1112 *direct*
FAX
(803) 252-0724 | (803) 744-1556 *direct*
fellerbe@robinsonlaw.com

December 7, 2007

VIA ELECTRONIC FILING
& HAND DELIVERED ORIGINAL

Mr. Charles Terreni
Chief Clerk of the Commission
Public Service Commission of South Carolina
Synergy Business Park, Saluda Building
101 Executive Center Drive
Columbia, SC 29210

Re: Application of Duke Energy Carolinas, LLC for Approval of Decision to Incur Nuclear Generation Pre-construction Costs

Dear Mr. Terreni:

Enclosed for filing please find the Application of Duke Energy Carolinas, LLC for Approval of Decision to Incur Nuclear Generation Pre-Construction Costs. Please date-stamp the extra copy of the Application as proof of filing and return it with our courier. By copy of this letter we are serving the same on the Office of Regulatory Staff. If you have any questions, please have someone on your staff contact me.

Yours truly,

ROBINSON, MCFADDEN & MOORE, P.C.

Frank R. Ellerbe, III

FRE/lla
Enclosure
cc/enc: Mr. Kodwo Ghartey-Tagoe, VP Legal, State Regulation (via email)
Lawrence B. "Bo" Somers, Assistant General Counsel (via email)
Dan F. Arnett, Chief of Staff of ORS (via Hand Delivery)
Florence P. Belser, Esquire (via email)
Nanette Edwards, Esquire (via email)

This document is an exact duplicate, with the exception of the form of the signature, of the e-filed copy submitted to the Commission in accordance with its electronic filing instructions.

STATE OF SOUTH CAROLINA)

In The Matter of

Application of Duke Energy Carolinas, LLC for Approval of Decision to Incur Nuclear Generation Pre-Construction Costs

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET
NUMBER:

(Please type or print)

Submitted by: Frank R. Ellerbe, III
SC Bar Number: 1866
Address: Robinson, McFadden & Moore, P.C.
P.O. Box 944
Columbia, SC 29202
Telephone: (803) 779-8900
Fax: (803) 252-0724
Other:
Email: fellerbe@robinsonlaw.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously

☐ Other:

INDUSTRY (Check one)

- ☒ Electric
- ☐ Electric/Gas
- ☐ Electric/Telecommunications
- ☐ Electric/Water
- ☐ Electric/Water/Telecom.
- ☐ Electric/Water/Sewer
- ☐ Gas
- ☐ Railroad
- ☐ Sewer
- ☐ Telecommunications
- ☐ Transportation
- ☐ Water
- ☐ Water/Sewer
- ☐ Administrative Matter
- ☐ Other:

NATURE OF ACTION (Check all that apply)

- ☐ Affidavit
- ☐ Agreement
- ☐ Answer
- ☐ Appellate Review
- ☒ Application
- ☐ Brief
- ☐ Certificate
- ☐ Comments
- ☐ Complaint
- ☐ Consent Order
- ☐ Discovery
- ☐ Exhibit
- ☐ Expedited Consideration
- ☐ Interconnection Agreement
- ☐ Interconnection Amendment
- ☐ Late-Filed Exhibit
- ☐ Letter
- ☐ Memorandum
- ☐ Motion
- ☐ Objection
- ☐ Petition
- ☐ Petition for Reconsideration
- ☐ Petition for Rulemaking
- ☐ Petition for Rule to Show Cause
- ☐ Petition to Intervene
- ☐ Petition to Intervene Out of Time
- ☐ Prefiled Testimony
- ☐ Promotion
- ☐ Proposed Order
- ☐ Protest
- ☐ Publisher's Affidavit
- ☐ Report
- ☐ Request
- ☐ Request for Certificatio
- ☐ Request for Investigatior
- ☐ Resale Agreement
- ☐ Resale Amendment
- ☐ Reservation Letter
- ☐ Response
- ☐ Response to Discovery
- ☐ Return to Petition
- ☐ Stipulation
- ☐ Subpoena
- ☐ Tariff
- ☐ Other:

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2007- ___ - E

In the Matter of	)	
	)	Duke Energy Carolinas'
Application of Duke Energy Carolinas, LLC for	)	Application for Approval of
Approval of Decision to Incur	)	Decision to Incur Nuclear
Nuclear Generation Pre-Construction Costs	)	Generation Pre-Construction Costs
	)	

INTRODUCTION

Duke Energy Carolinas, LLC ("Duke Energy Carolinas" or "Company"), files this Application pursuant to S.C. Code Ann. §58-33-225 for approval of Duke Energy Carolinas' decision to continue to incur pre-construction costs of up to $230 million[1] through December 31, 2009, for the Company's proposed William States Lee, III Nuclear Station in Cherokee County, South Carolina ("Lee Nuclear Station"). Duke Energy Carolinas anticipates having incurred pre-construction costs of approximately $70 million through December 31, 2007, and up to an additional $160 million for the period January 1, 2008 through December 31, 2009. In this Application, Duke Energy Carolinas is seeking Commission approval of the decision to incur all pre-construction costs through December 31, 2009, to ensure that the Lee Nuclear Station remains an option to serve customer needs in the 2018 timeframe.

[1] All cost estimates included in this Application reflect total pre-construction costs (capital and AFUDC) to be allocated among South Carolina retail customers, North Carolina retail customers, and wholesale customers (of which the South Carolina allocable portion is approximately 28%).

THIS DOCUMENT IS AN EXACT DUPLICATE, WITH THE EXCEPTION OF THE FORM OF THE SIGNATURE, OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.

The recently-filed 2007 Annual Plan demonstrates that Duke Energy Carolinas should continue to develop the Lee Nuclear Station. In each of the past five years, approximately 50,000 new customer accounts[2] have been added and served by Duke Energy Carolinas. Along with this sustained load growth, the environment for planning the Company's system has never been more dynamic. In the face of the uncertainties posed by future economic, environmental, regulatory and operating circumstances, it is prudent to take calculated actions to preserve resource options with significant value under multiple scenarios. As a result, through its integrated resource planning ("IRP") process for the 2007 Annual Plan, Duke Energy Carolinas has developed a strategic action plan to add renewable resources, energy efficiency ("EE") and demand-side management ("DSM") resources, and additional base load, intermediate and peaking generation, to reliably and cost-effectively meet a cumulative need for 10,680 MW of additional capacity to serve customer load by 2027. During the twenty-year planning horizon, the Company also anticipates modernizing its generation fleet and reducing its environmental footprint through the retirement of approximately 1,000 MW of older, less-efficient coal-fired generating units, as part of Duke Energy Carolinas's commitment in the Cliffside advanced clean coal Certificate of Public Convenience and Necessity ("CPCN") proceeding, North Carolina Utilities Commission Docket No. E-7, Sub 790. Importantly, of the base load resource options available, nuclear generation is the only viable resource with no carbon dioxide (CO_2) or other greenhouse gas emissions.

[2] Duke Energy Carolinas tracks customer accounts, which reflect the number of new accounts established. As such, each account typically represents a greater number of actual users of electricity at each location.

Recent federal and state legislative action has encouraged development of new nuclear generation. At the federal level, the Energy Policy Act of 2005 recognized the need to assist potential nuclear plant owners by providing incentives and tools to help manage the risks of undertaking nuclear projects. In 2007, the legislatures in both South Carolina and North Carolina passed legislation that expressly provides for commission approval of a utility's decision to incur nuclear pre-construction costs, as well as provides for additional assurances and for recovery of nuclear financing costs during construction.

The Lee Nuclear Station is the largest single capital project in the history of Duke Energy Carolinas. Duke Energy Corporation plans to spend $23 billion in total on capital projects over the next five years to ensure continued reliable and cost-effective service for its customers. Accordingly, the assurance sought by this Application is critical to the Company's financial well-being and the ability of Duke Energy Carolinas' customers to count on a more diverse, greenhouse gas emission-free, generation source. Approval of this request will provide additional assurance that the Lee Nuclear Station will continue to be an option to serve the Company's customers in the 2018 timeframe.

Although Duke Energy Carolinas is seeking approval of its decision to incur pre-construction costs for the Lee Nuclear Station from this Commission, and contemporaneously from the North Carolina Utilities Commission, to preserve the option of new nuclear generation to serve its customers, no final decision has been made to construct the facility. Duke Energy Carolinas will retain substantial flexibility to adjust the development and construction plans in light of additional information to be gained in future years; and the Commission will retain the ability to review and evaluate future

decisions to ensure that the final result is prudent and in customers' long-term best interests.

In further support of this Application, Duke Energy Carolinas respectfully shows the Commission the following:

Name and Address of Duke Energy Carolinas

1. The correct name and post office address of the Company are Duke Energy Carolinas, LLC, Post Office Box 1006, Charlotte, North Carolina 28201-1006.

Notices and Communications

2. The names and addresses of the attorneys of Duke Energy Carolinas who are authorized to receive notices and communications with respect to this application are:

Kodwo Ghartey-Tagoe, VP Legal, State Regulation
Lawrence B. Somers, Assistant General Counsel
Duke Energy Corporation
P.O. Box 1006/EC03T
Charlotte, North Carolina 28201-1006

Frank R. Ellerbe, III
Bonnie D. Shealy
Robinson, McFadden & Moore, P.C.
1901 Main Street, Suite 1200
Columbia, South Carolina 29201

Description of the Company

3. The Company is engaged in the generation, transmission, distribution, and sale of electric energy at retail in the western portion of South Carolina and the central and western portions of North Carolina. It also sells electricity at wholesale to many municipal, cooperative and investor-owned electric utilities. Duke Energy Carolinas is a public utility under the laws of South Carolina and is subject to the jurisdiction of this

Commission with respect to its operations in this State. The Company also is authorized to transact business in the State of North Carolina and is a public utility under the laws of that State. Accordingly, its operations in North Carolina are subject to the jurisdiction of the North Carolina Utilities Commission.

BACKGROUND

4. As the Commission is aware, there has been recent renewed interest in new nuclear generation in the United States. This renewed interest is attributable to several factors, including (a) a need for new base load generation capacity over the next decade in many areas of the country, most notably in the Southeast; (b) recognition, both internationally and domestically, in the environmental benefits of nuclear generation as the focus on air emissions heightens, particularly as climate change regulation receives greater consideration; (c) the need for American business and industry, for whom the price of electricity can be a significant component of overall operating costs, to remain competitive in global markets as other countries maintain or even increase their reliance on nuclear generation; (d) rising and often volatile prices associated with the fuels used in fossil generation assets, particularly natural gas but also coal; and (e) increasing concerns about our nation's energy security and energy independence. Because of these factors, the Energy Policy Act of 2005 contains various provisions that encourage the development of new nuclear generation. In addition, in 2007, both South Carolina and North Carolina enacted legislation that expressly provides for commission approval of a utility's decision to incur nuclear pre-construction costs, as well as provides for additional assurances and recovery of nuclear financing costs during construction. *See e.g.*, S.C. Code Ann. §58-33-225, S.C. Code Ann. §58-33-270, N.C. Gen. Stat. §62-

110.6, N.C. Gen. Stat. §62-110.7. The General Assembly also expressed its policies supporting new nuclear generation in the June 1, 2006, Joint Resolution of the General Assembly of South Carolina, "A Concurrent Resolution to Advance the Need for Electric Utilities to Build New Nuclear Power Plants in South Carolina and to Urge the Office of Regulatory Staff and the Public Service Commission to Encourage Such Consideration," H. 5236.

5. Duke Energy Carolinas is a leader in the nuclear generation industry and currently operates seven units at its three nuclear stations (5,020 MW owned, 6,996 MW operated) as part of its diverse generation fleet. The Company's need for new base load generation resources over the next decade, combined with the need for greater fuel diversity and a commitment to reducing Duke Energy Carolinas' carbon footprint, make the continued evaluation and development of new nuclear generation an essential part of future resource planning.

6. The Lee Nuclear Station would be constructed in Cherokee County, South Carolina. Duke Energy Carolinas has selected the Westinghouse AP1000 reactor, which is an advanced nuclear power plant that uses the forces of nature and simplicity of design to enhance plant safety and operations, and reduce construction costs. Each unit has an anticipated generation capacity of 1,117 MW, and the projected annual capacity factor of the Lee Nuclear Station is expected to exceed 90% based upon current Duke Energy Carolinas nuclear fleet performance.

7. Duke Energy Carolinas anticipates having incurred pre-construction costs of approximately $70 million through December 31, 2007. However, nuclear generation facilities have a very long lead time and much work remains that will require the

continued expenditure of significant dollars during the development phases. This work must be done and these funds must be expended in the near future if Duke Energy Carolinas is to ensure that its customers will have nuclear generation available as a resource option in the 2018 timeframe.

THE 2007 ANNUAL PLAN DEMONSTRATES THAT DUKE ENERGY CAROLINAS SHOULD CONTINUE TO DEVELOP THE LEE NUCLEAR STATION

8. On November 15, 2007, Duke Energy Carolinas filed its most recent Annual Plan. The 2007 Annual Plan identifies the need for significant capacity additions to meet customer demand and a 17 percent target planning reserve margin[3], including the cumulative need for nearly 7,020 MW of additional capacity by summer 2018, and 10,680 MW by 2027. To put this dramatic resource need into perspective, Duke Energy Carolinas will need to expand its existing resource portfolio by approximately 50 percent over just the next twenty years. In the resource planning process, all available resources are considered to meet these growing resource demands.

9. Energy Efficiency will play a significant role in the Company's plans. Duke Energy Carolinas' recent Energy Efficiency filings in Docket No. 2007-358-E, consider spending at least $50 million on future conservation and demand response programs each year, assuming suitable regulatory treatment. Approval of this proposal would increase the Company's potential EE impacts significantly over the coming years, and these impacts are reflected in the 2007 Annual Plan. The save-a-watt approach can address a significant portion of the 3,190 MW needed by 2012 by producing up to 1,318

[3] Duke Energy Carolinas continues to assess its reserve margins and will make any necessary adjustments in future plans.

MW[4] of energy efficiency and demand-side management over the next four years, approximately double the current system energy efficiency and demand-side management MW capacity. However, even aggressively pursuing these energy efficiency and demand-side management initiatives will not meet all the growing demands for electricity. The Company still envisions the need to build advanced clean coal, nuclear, and gas generation, as well as to procure cost-effective renewable generation.

10. The Company's IRP planning process includes both quantitative analysis and qualitative considerations. The quantitative analyses suggest that a combination of renewable resources, EE, and DSM programs, and additional base load, intermediate and peaking generation is required over the next twenty years to meet customer demand reliably and cost-effectively. The IRP analysis has confirmed that base load capacity additions to meet customer needs beginning in 2012 (to be met by the new advanced clean coal Cliffside Unit 6) and again in approximately 2018[5] are important components of Duke Energy Carolinas' resource plan. Duke Energy Carolinas' last coal and nuclear base load units came on line in 1975 (Belews Creek Steam Station) and 1986 (Catawba Nuclear Station), respectively. There are no current renewable generation resources in South Carolina or North Carolina that can be considered base load on any material scale. Nuclear generation is the only viable base load generation option that has no CO_2 and other greenhouse gas emissions. As a result, continuing the development of the Lee Nuclear Station is prudent, especially given the prospect for future carbon constraints.

---

[4] This replaces the existing DSM programs which currently provide approximately 700 MWs of capacity; however, this value does not include a potential 548 MW capacity impact that may be derived from pilot demand response and conservation programs which depend on advanced metering and communication upgrades that were included in the EE application but were not included in the IRP analysis.

[5] The IRP screening results demonstrate that the optimal timing of new nuclear varies from 2016 to 2023, depending on assumptions. As a result, the 2018 date was used for modeling purposes and the actual planned operational date may be accelerated or delayed as additional information becomes available.

11. The 2007 IRP analysis shows that the optimal resource mix varies under different sensitivities. For example, if an assumption is made that there is no carbon regulation on the planning horizon, portfolios without new nuclear look best. If an assumption is made assuming carbon regulation with CO_2 allowances at safety-valve prices, a portfolio with one new nuclear unit performs well. If higher CO_2 allowance prices are assumed, a portfolio with two new nuclear units is cost-beneficial to customers. The analyses performed did not include the potential value of production tax credits for the nuclear alternatives, which would further improve the relative economics of portfolios with nuclear units.

12. Company management uses all of the perspectives and analysis from the IRP process to ensure that Duke Energy Carolinas will meet short-term and long-term customer needs, while maintaining prudent flexibility. Due to the uncertainties presented by future regulatory environments, Duke Energy Carolinas' 2007 IRP analysis considered two scenarios: a Reference Case without CO_2 regulation (the "Reference Case"); and a Carbon Case with CO_2 regulation and a Renewable Portfolio Standard (the "Carbon Case"). For each of these scenarios, a portfolio of new resources was selected for purposes of demonstrating to the Commission that Duke Energy Carolinas has plans to secure adequate resources to meet customer needs, including a 17% target planning reserve margin. The selected portfolios for the Reference Case and the Carbon Case include one 1,117 MW unit of new nuclear capacity.

13. Significant challenges and uncertainties remain, however, in obtaining the resources required to meet customer needs. Issues such as obtaining the necessary regulatory approvals to implement the demand-side, energy efficiency, and supply-side

resources, finding sufficient cost-effective, reliable renewable resources to meet the standard, integrating renewables into the resource mix, and ensuring sufficient transmission capability for these resources must all be addressed. Because of these issues and uncertainties, Duke Energy Carolinas' action plan includes actions that go beyond a single portfolio plan. For example, because of the possibility that CO_2 allowance prices may be higher than estimated in the base Carbon Case, the action plan includes licensing for two nuclear units. While the Company's plan is the most appropriate resource plan at this point in time, good business practice requires that Duke Energy Carolinas continue to study the options, and make adjustments as necessary and practical to reflect improved information and changing circumstances.

ANTCIPATED PRE-CONSTRUCTION COSTS AND SCHEDULE

14. As noted above, Duke Energy Carolinas anticipates incurring pre-construction costs of approximately $70 million through December 31, 2007. This pre-construction development work consists of the following:

COLA Preparation – includes Duke Energy Carolinas labor, expenses, and contract support for preparation and review of the Combined Construction and Operating License (COL) Application to be submitted to the Nuclear Regulatory Commission in December, 2007. It also includes the activity of selecting the plant technology and the cost of community involvement activities.

Land and Right-of-Way Purchases – includes the purchase of land associated with the former Cherokee site and the initial purchase of rail right-of-way.

Site Restoration and Development – includes site remediation, ongoing demolition of existing site structures and general site maintenance.

Engineering and Construction Planning – includes costs associated w/ the preliminary engineering and construction planning necessary to establish a firm cost and schedule as necessary before entering into an Engineering Construction and Procurement Agreement; plus additional engineering and planning necessary to support overall project schedule.

15. The following general categories of pre-construction work are anticipated during calendar years 2008 and 2009 to continue the development of the Lee Nuclear Station:

NRC Review and hearings, which include all estimated costs associated with NRC Review Fees; costs required to answer NRC data requests pursuant to the COLA, and associated legal fees.

Land and Right of Way Purchases, which include the cost of acquiring land for the site as well as land for transmission and railroad right of ways.

Site Preparation, which includes costs associated with site remediation and demolition of structures previously constructed as part of the prior Cherokee Nuclear Facility. This category also includes costs associated with ongoing industrial security; utilities; miscellaneous minor site maintenance; and funds required by the Department of Homeland Security for nuclear power plant licensees and applicants. Also included are costs associated with designing rail, water and sewer upgrades for the facility prior to the point of awarding bids to contractors.

Project Planning and Engineering, which includes costs associated with developing an Engineering, Procurement and Construction contract with Westinghouse Electric Corporation - Shaw Stone and Webster ("Westinghouse/Shaw"), the consortium delivering the AP-1000 nuclear units. This category of costs also covers site-specific engineering; construction planning; and, some limited initial payments on long-lead

material and equipment items such as: Reactor Coolant Pumps, Containment Vessel, Reactor Pressure Vessel, Steam Generators, Control Rod Drive Mechanisms and Condenser Circulating Water Piping.

16. Duke Energy Carolinas anticipates spending approximately $160 million for this necessary pre-construction development work for the period January 1, 2008 through December 31, 2009. This estimate is based upon the best information available to Duke Energy Carolinas at this time. As the information is refined during the development process, the estimate could be substantially impacted. The timing of receipt of a Base Load Review Order pursuant to S.C. Code Ann. §58-33-230 *et. seq.* for the Lee Nuclear Station would also affect whether certain costs are considered to be pre-construction or construction-related from a regulatory perspective. As with any major project, Duke Energy Carolinas anticipates updating its estimate and schedule periodically, and will update the Commission accordingly.

17. S.C. Code Ann. §58-33-220(12) defines "pre-construction costs" as follows:

> all costs associated with a potential nuclear electric generating facility incurred before issuance of a final certificate under the Utility Facility Siting and Environmental Protection Act, including without limitation, the costs of evaluation, design, engineering, environmental and geotechnical analysis and permitting, contracting, other required permitting including early site permitting and combined operating license permitting, and related consulting and professional costs, and shall include AFUDC associated with those costs. . .

Although not specifically enumerated in the non-exclusive list above, Duke Energy Carolinas believes that payments required to ensure the timely fabrication and delivery of long-lead procurement items such as Reactor Coolant Pumps, Containment Vessel, Reactor Pressure Vessel, Steam Generators, Control Rod Drive Mechanisms and

Condenser Circulating Water Piping would qualify as "pre-construction costs" to the extent that those costs are incurred prior to the issuance of a certificate by the Commission. The Company does not currently know with precision what items would require long-lead procurement decisions, how far in advance those decisions would have to be made, or the amount or timing of advance obligations that would be required in order to secure and maintain a place in the fabrication queue for those items. However, in order to support a commercial operation date in the 2018 timeframe, Duke Energy Carolinas anticipates that many of the long-lead procurement items would have to be ordered and certain advance payments made well before on-site construction activity actually commences on the project.

18. As noted above, the 2007 Annual Plan includes one new nuclear unit in 2018 in the selected resource plan for the Base Reference Case and Carbon Reference Case, but the action plan calls for pursuing licensing of two new units over the planning horizon because of uncertainty associated with future carbon regulation. The pre-construction costs are largely independent of whether one or two units are ultimately constructed. Planning for two units at this stage preserves the option should carbon regulation or other changes develop in the next few years, and accordingly Duke Energy Carolinas is seeking approval of its decision to continue the pre-construction development for both units of the Lee Nuclear Station.

IMPORTANCE OF APPROVAL

19. The Lee Nuclear Station is the largest single capital project in the history of Duke Energy Carolinas. Duke Energy Corporation plans to spend $23 billion on total capital projects over the next five years to ensure continued reliable and cost-effective

service for its customers. Accordingly, the assurance sought by this Application is critical to the Company's financial well-being, and the ability of Duke Energy Carolinas' customers to count on a more diverse, greenhouse gas emission-free, generation source.

20. Although Duke Energy Carolinas is seeking approval of its decision to continue to incur pre-construction costs for the Lee Nuclear Station from this Commission, and contemporaneously from the North Carolina Utilities Commission, to preserve the option of new nuclear generation to serve its customers, no final decision has been made to construct the facility. Duke Energy Carolinas will retain substantial flexibility to adjust the development and construction plans in light of additional information to be gained in future years. Duke Energy Carolinas will update its IRP analysis annually and the Commission will retain the ability to review and evaluate future decisions to ensure that the final result is prudent and in customers' long-term best interests.

WHEREFORE, Duke Energy Carolinas respectfully requests that the Commission approve the Company's Application and approve the Company's decision to incur pre-construction costs for the Lee Nuclear Station, of up to $230 million through December 31, 2009, to preserve the nuclear option for Duke Energy Carolinas' customers.

Respectfully submitted, this the 7th day of December, 2007.

Robinson, McFadden & Moore, P.C.

Frank R. Ellerbe, III
Bonnie D. Shealy
1901 Main Street, Suite 1200
Columbia, South Carolina 29201
Telephone: 803-779-8900
fellerbe@robinsonlaw.com
bshealy@robinsonlaw.com

And

Kodwo Ghartey-Tagoe, VP Legal, State Regulation
Lawrence B. Somers, Assistant General Counsel
Duke Energy Corporation
Post Office Box 1006
Charlotte, North Carolina 28201-1006
Telephone: 704-382-4295 or 704-382-8142
kghartey-tagoe@duke-energy.com
lbsomers@duke-energy.com

COUNSEL FOR DUKE ENERGY CAROLINAS, LLC

VERIFICATION

STATE OF NORTH CAROLINA)
COUNTY OF MECKLENBURG)

ELLEN T. RUFF, being first duly sworn, deposes and says: That she is President of DUKE ENERGY CAROLINAS, LLC, applicant in the above-entitled Application; that she has read the foregoing Application and knows the contents thereof, and that the same is true of her own knowledge.

Ellen T. Ruff

Sworn to and subscribed before me
this 6th day of December, 2007.

Notary Public

RITA G KALE
NOTARY
PUBLIC
CATAWBA CO., NORTH CAROLINA